

Message Text

LIMITED OFFICIAL USE

PAGE 01 MONROV 03204 01 OF 02 021141Z
ACTION AF-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03
INR-10 NSAE-00 ICA-11 TRSE-00 XMB-02 OPIC-03
SP-02 LAB-04 SIL-01 OMB-01 IO-13 NSC-05 SS-15
STR-07 CEA-01 PA-01 L-03 H-01 AGRE-00 INT-05
HA-05 ITC-01 DOE-15 SOE-02 PM-05 DODE-00 /140 W
-----129200 021219Z /45

R 020920Z MAY 78
FM AMEMBASSY MONROVIA
TO SECSTATE WASHDC 9170

LIMITED OFFICIAL USE SECTION 1 OF 2 MONROVIA 3204

E.O. 11652 N/A
TAGS: ECON, EINV, LI
SUBJECT: THE PRIVATE SECTOR COMMISSION ON IMPROVING INVESTMENT
POSSIBILITIES IN LIBERIA

REF: MONROVIA 291

1. SUMMARY:

THE PRIVATE SECTOR COMMISSION ON IMPROVING INVESTMENT POSSIBILITIES
IN LIBERIA SUMMITTED ITS 103-PAGE REPORT TO PRESIDENT TOLBERT ON
APRIL 17. THE REPORT, WHICH HAS NOT YET BEEN MADE PUBLIC, PRESENTS
A COMPREHENSIVE ANALYSIS OF ALL THE VARIABLES WHICH GO TO MAKE UP
THE INVESTMENT CLIMATE AND WHOSE CHANGES HAVE ERODED THE ONCE
FAVORABLE INVESTMENT CLIMATE. IN ESSENCE, THE COMMISSION RECOMMENDS
WHAT IT CALLS "A MORE LIBERIA APPROACH TO THE NATION'S DEVELOPMENT"--
ONE THAT WILL DRAW INVESTMENT CAPITAL TO LIBERIA IN COMPETITION
WITH OTHER COUNTRIES. FOR THE INVESTOR THE CREDIBILITY OF THE
LIBERAL APPROACH MUST BE CONFIRMED BY A PATTERN OF GOVERNMENT
ACTIONS RATHER THAN BY MEANINGLESS GOVERNMENT STATEMENTS. THE
COMMISSION HAS PERFORMED A USEFUL TASK BY CATALOGING ALL THE
COMPLAINTS FROM THE BUSINESS SECTOR AND BY MAKING SPECIFIC

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MONROV 03204 01 OF 02 021141Z

RECOMMENDATIONS TO IMPROVE THE INVESTMENT OUTLOOK. IF AFTER
STUDYING THESE RECOMMENDATIONS THE PRESIDENT ORDERS IMPLEMENTATION
OF MOST OF THEM, THERE SHOULD BE A VAST IMPROVEMENT IN THE
INVESTMENT CLIMATE, ESPECIALLY IF SUCH ACTION IS ACCOMPANIED BY
CHANGES IN MANNER AND ATTITUDE BY GOVERNMENT OFFICIALS DEALING
WITH THE PRIVATE SECTOR. END SUMMARY.

2. THE COMMISSION CHAIRED BY MR. CLARENCE PARKER, A PROMINENT BUSINESSMAN, AND COMPOSED OF 15 MEMBERS MOSTLY DRAWN FROM THE PRIVATE SECTOR SUBMITTED ITS 103-PAGE REPORT TO PRESIDENT OLBERT ON APRIL 19. THE REPORT, BASED ON INTERVIEWS WITH OVER 500 INDIVIDUALS FROM ALL SECTORS OF THE ECONOMIC/COMMERCIAL LIFE OF THE COUNTRY, IS DIVIDED INTO SIX PARTS: 1) INTRODUCTION AND ACKNOWLEDGEMENTS, 2) SUGGESTIONS DIRECTED TO THE PRESIDENT FOR HIS PERSONAL CONSIDERATION, 3) IMPROVING THE INVESTMENT CLIMATE, 4) INVESTMENT SECTORS, 5) TAXES AND 6) CONCLUSION. THE REPORT HAS NOT YET BEEN MADE PUBLIC.

3. IN PART 2 THE COMMISSION MAKES THE FOLLOWING SUGGESTIONS TO THE PRESIDENT:

A. IMPORTANCE OF PROJECTING A FAVORABLE IMAGE OF LIBERIA, BOTH NATIONALLY AND INTERNATIONALLY. SUGGEST ADOPTION OF SLOGAN "LIBERIA, A NATION OF RESPONSIBLE GOVERNMENT."

B. ISSUANCE OF CLEAR UNEQUIVOCAL POLICY STATEMENT ON LIBERIA'S COMMITMENT TO FREE ENTERPRISE SYSTEM, NO COMPETITION FOR PRIVATE SECTOR BY GOVERNMENT ENTERPRISES, EQUITABLE PROTECTION AND EQUAL OPPORTUNITY FOR FOREIGN AND LIBERIAN INVESTORS ALIKE.

C. CLOSING DOWN OF BUSINESSES FOR VIOLATION OF GOVERNMENT ACTS OR POLICIES ONLY BY COURT ORDER.
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 MONROV 03204 01 OF 02 021141Z

D. COMMITMENT TO LAW AND ORDER AND ANY DEVIATION FROM COMMITMENTS BY GOL TO BE NEGOTIATED, SUCH AS RENOTIATION OF CONCESSION AGREEMENTS

E. ESTABLISHMENT OF ECONOMIC ADVISORY COUNCIL ON DEVELOPMENT AND INVESTMENT TO MEET WITH PRESIDENT AT LEAST ONCE EVERY QUARTER.

F. ISSUANCE OF STATEMENT THAT GOL WILL EXERCISE FRUGALITY IN ITS EXPENDITURES OF 1979 OAU SUMMIT MEETING.

G. STATEMENT THAT U.S. CURRENCY WILL CONTINUE TO BE USED FOR DURATION OF PRESENT ADMINISTRATION.

H. EMPHASIS OF GOVERNMENT'S FISCAL POLICY ON DEVELOPMENT AND EMPLOYMENT OPPORTUNITIES AND ON CHANNELING ITS RESOURCES TOWARD HAVING PRIVATE ENTERPRISE FULLY PARTICIPATE IN THIS EFFORT.

I. RESPONSIBILITY FOR PROMOTING, EVALUATING, PROCESSING, GUIDING AND SUPERVISING IMPLEMENTATION OF INVESTMENTS BE COORDINATED AND CENTRALIZED IN ONE EXISTING MINISTRY.

J. IMPROVEMENT OF CRIDIBILITY OF GOVERNMENT AND IMPLEMENTATION OF GOVERNMENT'S POLICIES.

K. DEFINITION OF LIBERIANIZATION IN REGARD TO EMPLOYEMENT, INVESTMENTS, TRAINING, AND LAND TENURE.

L. STREAMLINING OF PRESENT BURDENSOME IMMIGRATION AND CUSTOMS PROCEDURES.

4. IN PART 3 ON IMPROVING THE INVESTMENT CLIMATE, THE OVERRIDING CONCERNS OF INVESTORS ARE LISTED AS FOLLOWS:

A. NEED TO RESTORE CONFIDENCE IN TOTAL LIBERIAN ECONOMIC LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 MONROV 03204 01 OF 02 021141Z

POSTURE.

B. CREDIBILITY OF GOVERNMENT ON TAXES, INVESTMENT INCENTIVES, UNFAIR COMPETITAION AND PRACTICES, ETC.

C. OFFENSIVE ATTITUDE OF MANY GOVERNMENT MINISTRIES AND AGENCIES.

D. GOVERNMENT EMPHASIS ON REVENUE GENERATION RATHER THAT DEVELOPMENT.

THE COMMISSION CALLS FOR RE-EXAMINATION OF THE ROLE OF PUBLIC CORPORATIONS AND QUESTIONS WHETHER THEIR LOSSES SHOULD CONTINUE TO BE MADE UP BY TAX REVENUE TAKEN FROM PRIVATE SECTOR. GOVERNMENT SHOULD AVOID OWNERSHIP AND MANAGEMENT OF PUBLIC CORPORATIONS AND CONCENTRATE ON PROVIDING INFRASTRUCTURAL FACILITIES TO INDUSTRY. THE PROBLEM OF LIBERIANIZATION IS ANALYZED FROM VARIOUS ASPECTS: EMPLOYMENT, INVESTMENT, AGRICULTURAL DEVELOPMENT, AND LAND TENURE. ON THE CONSTITUTIONAL RESTRICTION OF OWNERSHIP OF LAND IN FEE SIMPLE TO LIBERIAN "PERSONS," THE COMMISSION NOTES SUCH RESTRICTIONS HAVE TWO ADVERSE EFFECTS: AN INVESTMENT RESTRAINT AND A HUMAN RIGHTS RESTRAINT. COMMISSION MAKES TWO PROPOSALS: AMENDMENT OF ARTICLE 5 SECTION B OF CONSTITUTION TO PERMIT NON-CITIZENS TO PURCHASE LAND FOR "FUNCTIONAL NEEDS OF INDIVIDUALS" AND CLARIFICATION OF LAND OWNERSHIP BY LIBERIAN CORPORATIONS. COMMISSION THEN ANALYZED THE PROBLEMS OF RURAL AND URBAN DEVELOPMENT.

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 MONROV 03204 02 OF 02 021157Z
ACTION AF-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03
INR-10 NSAE-00 ICA-11 TRSE-00 XMB-02 OPIC-03
SP-02 LAB-04 SIL-01 OMB-01 IO-13 NSC-05 SS-15
STR-07 CEA-01 PA-01 L-03 H-01 AGRE-00 HA-05
ITC-01 DOE-15 SOE-02 INT-05 PM-05 DODE-00 /140 W
-----129270 021218Z /45

R 020920Z MAY 78
FM AMEMBASSY MONROVIA
TO SECSTATE WASHDC 9171

LIMITED OFFICIAL USE SECTION 2 OF 2 MONROVIA 3204

5. PART 4 ON THE INVESTMENT SECTORS TAKES UP FIRST FINANCIAL INSTITUTIONS. COMMISSION RECOMMENDS THAT FIXED CEILING ON INTEREST RATES IMPOSED BY THE NATIONAL BANK OF LIBERIA ON COMMERCIAL BANK LOANS BE MADE FLEXIBLE, AS WELL AS INTEREST RATES PAID BY COMMERCIAL BANKS ON TIME AND SAVINGS DEPOSITS. IN AGRICULTURE, THE COMMISSION RECOMMENDS INCENTIVES BE GIVEN MORE FOREIGN INVESTORS TO INDUCE THEIR PARTICIPATION IN EXPANDED PROGRAM OF AGRICULTURAL DEVELOPMENT. COMMISSION BELIEVES THAT AGRICULTURAL PROGRAM SHOULD BE RESTRUCTURED TO ALLOW SUBSISTENCE FARMERS TO PARTICIPATE MORE FULLY IN AGRICULTURAL DEVELOPMENT PROGRAM. RECOGNIZING THAT FEW LIBERIANS ARE ACTIVE IN TRADE AND COMMERCE, COMMISSION RECOMMENDS THAT GOVERNMENT GIVE CONTINUED SUPPORT TO FOREIGN BUSINESSMEN BECAUSE OF SERVICES PROVIDED THE ECONOMY. NOTING WITH CONCERN THE SLOW INDUSTRIAL GROWTH, COMMISSION RECOMMENDS NEED TO RE-EXAMINE CUSTOM-TARIFFS, SHIFT IN EMPHASIS FROM CUSTOMS TARIFF TO EXCISE AND INCOME TAX, PROTECTION TO SMALL INDUSTRIAL CONCERNS ALREADY ESTABLISHED, AND COMMENTS ON INDUSTRIAL DEVELOPMENT UNDER MANO RIVER UNION. COMMISSION COMMENTS ON IRON ORE AND GOLD MINING AND THE DEVELOPMENT OF HYDROELECTRIC POWER. AS FOR TOURISM, COMMISSION OBSERVES A NEED FOR A MORE DYNAMIC AND KNOWLEDGEABLE LEADER TO DIRECT COUNTRY'S TOURISM DEVELOPMENT PROGRAM. IN VIEW OF IMPORTANCE

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MONROV 03204 02 OF 02 021157Z

OF MASS COMMUNICATIONS MEDIA AND COMMUNICATIONS TO NATIONAL DEVELOPMENT, ESPECIALLY INVESTMENT STIMULATION, COMMISSION RECOMMENDS EXPANSION AND IMPROVEMENT OF RADIO, TV, NEWSPAPERS AND POSTAL SYSTEM.

6. ON THE SUBJECT TAXES, COMMISSION OPINES THAT TAXES ARE TOO HIGH WHEN COMPARED WITH GREATER INCENTIVES OFFERED BY OTHER

COUNTRIES WHICH ARE IN COMPETITION WITH LIBERIA FOR ATTRACTING NEW INVESTMENT CAPITAL. COMMISSION STATES THAT PRESENT FISCAL MEASURES ARE TOO REVENUE ORIENTED WITHOUT SUFFICIENT EMPHASIS ON DEVELOPMENT. TO ENCOURAGE NEW INVESTMENTS, COMMISSION RECOMMENDS RE-EXAMINATION OF TAX HOLIDAYS, REMOVAL OF CUSTOMS TARIFFS ON MACHINERY, EQUIPMENT AND RAW MATERIALS, INCREASE LOSS CARRYOVER FROM FIVE TO SEVEN YEARS, RELIEF FOR SMALL CORPORATIONS FROM CORPORATE INCOME TAX, IMPROVEMENT IN RELATIONS BETWEEN INCOME TAX DIVISION AND PUBLIC AT LARGE, AND REMOVAL OF UNFAIR BURDEN ON LESSORS FOR PAYMENT OF REAL ESTATE AND COAST GUARD TAXES. COMMISSION RECOMMENDS GOL REVIEW ALL BENEFITS TO BE DERIVED FROM OPERATING PORT OF MONROVIA AS A FREEPORT. COMMISSION RECOMMENDS RE-EVALUATION OF THE STUMPAGE TAX AND ITS RATE ADJUSTMENT WHEN EXPORT PRICES ARE LOW AND THAT THIS TAX BE COLLECTED AT THE PORT IN THE FORM OF EXPORT DUTY. COMMISSION ALSO RECOMMENDS THAT THE RUBBER SALES TAX BE REVISED SO THAT SMALL FARMERS WILL NOT BE PENALIZED.

7. CONCLUSIONS, WHICH HAVE BEEN INCLUDED THROUGHOUT THE REPORT, ARE RESTATED IN MORE GENERALIZED TERMS.

8. COMMENT:

THE COMMISSION HAS PERFORMED A USEFUL TASK BY CATALOGING ALL THE VARIABLES THAT HAVE ERODED THE ONCE FAVORABLE INVESTMENT CLIMATE AND MAKING SPECIFIC RECOMMENDATIONS TO IMPROVE THE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 MONROV 03204 02 OF 02 021157Z

SITUATION. MOREOVER, THE COMMISSION HAS BROUGHT THESE COMPLAINTS FROM THE BUSINESS COMMUNITY TO THE ATTENTION OF PRESIDENT TOLBERT, WHO ALONE CAN ORDER IMPLEMENTATION OF THE COMMISSION'S RECOMMENDATIONS. IF, AFTER STUDYING THESE RECOMMENDATIONS, THE PRESIDENT ORDERS MOST OF THEM BE IMPLEMENTED, THERE SHOULD BE A REAL IMPROVEMENT IN THE INVESTMENT CLIMATE, ESPECIALLY IF SUCH ACTION IS ACCOMPANIED BY CHANGE IN MANNER AND ATTITUDE BY GOVERNMENT OFFICIALS DEALING WITH THE PRIVATE SECTOR. CARTER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: REPORTS, INVESTMENT CLIMATE, GOVERNMENT REFORM, COMMISSIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 02 may 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978MONROV03204
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780186-0850
Format: TEL
From: MONROVIA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t197805102/aaaadjil.tel
Line Count: 265
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: ea37d593-c288-dd11-92da-001cc4696bcc
Office: ACTION AF
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 MONROVIA 291
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 26 apr 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2519428
Secure: OPEN
Status: NATIVE
Subject: THE PRIVATE SECTOR COMMISSION ON IMPROVING INVESTMENT POSSIBILITIES IN LIBERIA
TAGS: ECON, EINV, LI, (PARKER, CLARENCE)
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/ea37d593-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014